

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re)	Case No. _____
)	
)	CHAPTER 11A DISCLOSURE
)	STATEMENT
Debtor.)	(_____, 200__)

On _____, _____ ("Debtor") filed a petition for relief under Chapter 11 of the Bankruptcy Code. _____ ("Proponent") has submitted a plan of reorganization, a document which proposes to restructure Debtor's financial affairs. A copy of the plan accompanies this statement. The purpose of this disclosure statement is to provide adequate information about Debtor so that creditors and interested parties can make an informed judgment about the plan, and intelligently vote for or against it.

Any interested party desiring further information about Debtor should contact:

DESCRIPTION AND TREATMENT OF CLAIMS; BALANCE SHEET

The accompanying plan of reorganization describes how all claims will be treated under the proposed plan. In particular, if the plan is confirmed holders of general unsecured

claims will receive the following: **[Insert a summary of the treatment of general unsecured creditors including an estimate of the percentage dividend to be paid and the timing of that dividend]**

The proponent projects that if the plan is confirmed, the Debtor's assets and liabilities will be as shown on the projected balance sheet attached as Exhibit A, which also includes the Debtor's balance sheet as it presently exists.

DESCRIPTION OF DEBTOR AND ITS BUSINESS

[Insert a brief narrative that describes the debtor, identifies the debtor's owners and officers (if applicable), and discusses the nature of the debtor's business]

REASONS FOR DEBTOR'S FINANCIAL DISTRESS; ACTIONS TAKEN OR TO BE TAKEN TO REMEDY PROBLEMS

[Insert a description of the underlying as well as immediate reasons for the debtor's financial distress. Detail actions that have been or will be taken to remedy the debtor's financial problems]

IMPLEMENTATION OF PLAN AND FEASIBILITY

[Insert one or more of the applicable descriptions contained in Instructions for Preparation of 11A Disclosure Statement and Plan of Reorganization]

MANAGEMENT AND INSIDERS' SALARIES

Following confirmation, the Debtor's affairs will be managed by **[Insert name of person who will manage the debtor's affairs]**. Insider compensation at the time of confirmation will be as follows:

<u>NAME</u>	<u>TITLE</u>	<u>SALARY/BENEFITS</u>
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DEFAULT

Except as otherwise specified in paragraph(s) ____ of the plan, in the event the Debtor shall default in the performance of any of its obligations under the plan, then the holder of each affected claim may pursue such remedies as are available at law or in equity. An event of default occurring with respect to one claim shall not be an event of default with respect to any other claim. Nothing contained in the plan shall limit the right of any party to reopen this case or to convert this case to a liquidation case under chapter 7 of the United States Bankruptcy Code if cause for such relief exists.

OTHER INFORMATION DEEMED SIGNIFICANT

[Insert any other information deemed significant]

RISKS

Risks of the plan include:

[Insert one or more of the applicable descriptions contained in Instructions for Preparation of 11A Disclosure Statement and Plan of Reorganization]

ALTERNATIVES

Alternatives to the plan include dismissal of the case, conversion of the case to a case under Chapter 7 or Chapter 13 or adoption of a different plan.

If the case is dismissed, creditors may assert and enforce their claims against Debtor by any method allowed by law. Secured creditors may foreclose their security interests and creditors may obtain judgments and levy execution on unencumbered assets.

If this case is converted to a Chapter 7 case, a trustee will be appointed to liquidate Debtor's assets for the benefit of the estate. Costs of liquidation, secured claims (with respect to the specific collateral liquidated), administrative claims, priority claims, and Debtor's exemptions will have to be paid in full before any payments to unsecured creditors can be made.

Exhibit H shows the Proponent's estimate of the probable results if the Debtor is liquidated in a Chapter 7 case, including the resultant amount available to pay unsecured claims and the anticipated percentage dividend to unsecured creditors. The Proponent believes that if the Debtor is liquidated in a Chapter 7 case, holders of general unsecured claims will receive ____% of their claims, while under the plan such general unsecured creditors will receive ____% of their claims.

VOTING AND CONFIRMATION

All impaired classes have the right to vote on the plan. The plan states which classes are

impaired and will be entitled to vote; if the plan states that a class is not impaired and will not be allowed to vote, a member of that class may seek a ruling from the court that the class is in fact impaired and the class must be allowed to vote.

The court may confirm the proposed plan if, for each voting class, it has been accepted by holders of claims in such class which total at least two-thirds in amount and more than one-half in number of the allowed and voting claims therein. If the requisite acceptances are not obtained, the court may nevertheless confirm the plan, thereby binding the rejecting class, if the plan: a) does not discriminate unfairly against a rejecting class; b) is "fair and equitable" to that class (within the meaning of 11 USC § 1129(b)(1)); and c) meets the other requirements of 11 USC § 1129.

Regardless of the vote tally the court must find that certain statutory requirements have been satisfied before it can confirm the plan. For example, the court must find that the plan is feasible and that creditors will get at least as much under the plan as they would get if Debtor's assets were liquidated in a Chapter 7 case. Whether or not you have the right to vote, if you do not believe that the plan complies with statutory requirements or if you otherwise object to confirmation of the plan, you must file objections to confirmation within the time specified in the accompanying notice and should appear at the confirmation hearing.

After confirmation, all estate property vests in Debtor except as otherwise provided by the plan or the confirmation order. If the plan is confirmed, all rights and claims against Debtor will cease, except as otherwise provided by the plan. Confirmation discharges a debtor from all pre-confirmation debt except as specified in 11 USC § 1141. Creditors will be bound by the plan, whether or not they voted for it. Creditors generally

cannot revive pre-confirmation obligations even if a debtor fails to perform as specified in the plan.

Dated: _____, 200__.

Presented by:

_____, OSB # _____

Attorneys for [Proponent]

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